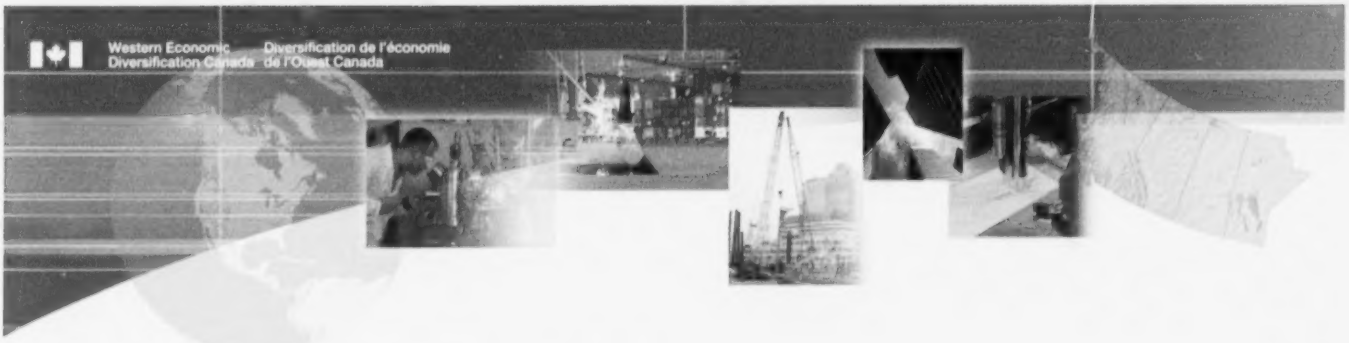


Western Economic Diversification Canada

2013–14

Report on Plans and Priorities

The Honourable Rona Ambrose, P.C., M.P.
Minister of Public Works and Government Services and
Minister for Status of Women

The Honourable Lynne Yelich, P.C., M.P.
Minister of State (Western Economic Diversification)

TABLE OF CONTENTS

Minister's Message 1

Minister of State's Message 2

Section I: Organizational Overview 3
- Raison d'être 3
- Responsibilities 3
- Strategic Outcome and Program Alignment Architecture 5
- Organizational Priorities 6
- Risk Analysis 11
- Planning Summary 13
- Expenditure Profile 15
- Estimates by Vote 17
- Contribution to the Federal Sustainable Development Strategy 17

Section II: Analysis of Programs by Strategic Outcome 18
- Strategic Outcome: A growing and diversified western Canadian economy 18
- Program: Business Development and Innovation 19
- Program: Community Economic Growth 21
- Program: Policy, Advocacy and Coordination 23
- Program: Internal Services 25

Section III: Supplementary Information 27
- Financial Highlights 27
- Future-Oriented Financial Statements 28
- List of Supplementary Information Tables 28
- Tax Expenditures and Evaluations Report 28

Section IV: Other Items of Interest 29
- Organizational Contact Information 29
- Additional Information 29

Minister's Message

As Minister responsible for Western Economic Diversification Canada (WD), I am pleased to present the department's *2013–2014 Report on Plans and Priorities*.

Despite the global economic uncertainty all around us, Canada has weathered the economic storm well. Our economic resilience reflects the actions our Government has taken to lower taxes, pay down debt, reduce red tape and promote free trade and innovation. In the year ahead, we will continue to focus on economic growth, jobs and prosperity for all Canadians.

To achieve our mandate, WD will continue to diversify the western economy by helping the West's businesses grow and compete, through fostering innovation, opening our door to international markets, and being the strong advocate for western interests in national economic policy. WD will do its part through support for pan-western projects promoting economic growth, creating jobs and ensuring that the western Canadian economy remains strong, innovative and competitive.

The department will build on the solid foundation of investing in strategic projects, partnerships and programs that contribute towards economic growth, jobs and prosperity for Canadians.

The Honourable Rona Ambrose, P.C., M.P.

Minister of State's Message

As Minister of State for Western Economic Diversification, I am pleased to share the *2013–2014 Report on Plans and Priorities.*

Our Government's current priority is economic growth, jobs and prosperity for all Canadians. To meet that end, in 2013–14 WD will remain focused on the strategic delivery of programs that support commercialization, business development and foster economic growth for our communities.

The world is increasingly driven by a knowledge-based economy. As such, innovation is a significant economic driver and WD will help create the right conditions for innovative ideas to get to market. The department's investments will promote growth and encourage the commercialization of new technology products, processes and services.

WD also recognizes that the key to job creation in the West is a collaborative approach with industry. To help SMEs succeed in the global economy we will focus our investments to ensure western businesses are more productive and competitive. In addition, WD will continue its work with industry and SMEs to ensure the West is well positioned to benefit from major federal procurement contracts.

I am proud of WD's role in carrying out the Government of Canada's Economic Action Plan by delivering the Community Infrastructure Improvement Fund (CIIF) across the West. Over the next year we will support projects that are upgrading infrastructure and stimulating the local economies in communities across the West.

Moving forward, WD remains committed to working with current stakeholders and searching out new partners to improve the long-term competitiveness of the West, create jobs and help ensure the continued growth and prosperity of the western economy.

The Honourable Lynne Yelich, P.C., M.P.

Section I: Organizational Overview

Raison d'être

Western Economic Diversification Canada (WD) was established in 1987 and mandated to promote the development and diversification of the economy of Western Canada and to advance the interests of the West in national economic policy, program and project development and implementation. The Minister of Public Works and Government Services and Minister for Status of Women along with the Minister of State (Western Economic Diversification) are responsible for this organization.

As the federal economic development department for Western Canada, WD develops and supports economic policies, programs and activities that promote economic growth and assist Western Canada in responding to the economic challenges and opportunities it faces.

Responsibilities

WD's mandate, which is outlined in the *Western Economic Diversification Act*, is to develop and diversify the western Canadian economy. This broad mandate allows the department to implement tailored programs and initiatives to assist western Canadians create strong, competitive and innovative businesses and communities. WD's policy and programming efforts promote economic growth and ensure the department is positioned to deliver national programs in the West.

Our Vision

To be leaders in creating a more diversified western Canadian economy that has strong, competitive and innovative businesses and communities.

With offices in each western province and its headquarters in Edmonton, WD provides a strong federal presence in the economic development of the West. Its western base has enabled the department to develop an understanding of Western Canada and foster extensive partnerships with business and community organizations, research and academic institutions, as well as provincial and municipal governments.

These connections enable the department to identify and support economic opportunities in the West and to leverage its investments to benefit the western Canadian economy. WD's strong ties to Ottawa, and the federal government across Canada, allow the department to communicate western perspectives to national economic policy and program decision-makers, working within the federal system to ensure that western interests and perspectives are considered in federal decision making.

WD programs strengthen:

- Business Development and Innovation: WD helps small and medium-sized enterprises (SMEs) develop and grow, create jobs, expand their markets, increase their exports and become more innovative and productive. The department assists SMEs with international business engagement and works to attract investment to the region, as well as assist western Canadian SMEs access opportunities linked to government procurement. Further, WD promotes the development and growth of the knowledge-based economy by building innovation capacity and supporting the commercialization of new knowledge-based products, processes and services. Overall, the department's investments have contributed to the strengthening of Western Canada's economy and will provide the foundation for future economic diversification and growth.

An important contributor to a prosperous western Canadian economy, WD helps build on the West's traditional economic strengths while supporting the transition to a more diverse, modern economy.

- Community Economic Growth: WD helps rural communities sustain their local economies, adjust to changing economic circumstances and invest in public infrastructure. Community Futures[1] (CF) receive operating funds to provide western entrepreneurs with the information, training and business loans they need to start and grow their business.

- Policy, Advocacy and Coordination: WD engages in activities that strengthen the western Canadian economy by promoting access to economic opportunities for Western Canada. Primarily, WD works to build strategic relationships with key decision makers across Canada and internationally, coordinates economic development activities, policies and programs across the West, and ensures western Canadian SMEs are positioned to compete for federal procurement contracts with industrial and regional benefit obligations. WD pursues policies and programs that strengthen the western Canadian economy.

WD also delivers national initiatives on behalf of the Government of Canada in Western Canada. These have included the Community Infrastructure Improvement Fund (CIIF) to upgrade and expand western Canadian infrastructure, the Economic Development Initiative aimed at supporting businesses and economic development in western Canadian Francophone communities, as well as programs within the Economic Action Plan (EAP). WD's flexibility and ability to implement programs such as these enables it to respond quickly to the priorities and needs of the West.

[1] Community Futures organizations are community-based, non-profit organizations that offer a variety of services to rural entrepreneurs (business counselling, loan programs and services targeted to entrepreneurs with disabilities) and to communities (planning and community economic services). For more information, visit www.communityfuturescanada.ca.

To ensure that its programs have the greatest impact on the West, the department will continue to focus on a pan-western approach in strategic areas—business productivity and growth, trade and investment, technology commercialization and advancing the interests of Western Canada.

Strategic Outcome and Program Alignment Architecture

The Program Alignment Architecture (PAA) provides an overview of how a department's programs and activities are aligned, and how their expected results are organized to contribute to achieving the department's strategic outcome. It provides a structure which links the allocation and management of financial and non-financial resources with the results achieved. Effective April 1, 2013, WD will implement a new, streamlined PAA, which will enable the department to improve its focus on objectives and outcomes in planning and reporting, allow it to improve the communication of results and benefits to the public, and assist it to strengthen the capacity to evaluate outcomes and results that will improve management capacity to allocate resources.

Strategic Outcome	Programs	Sub-Programs
A growing and diversified western Canadian economy	Business Development and Innovation	Trade, Investment, and Market Access
		Business Productivity and Growth
		Innovation Capacity Building
		Technology Commercialization
	Community Economic Growth	Infrastructure Programming
		Community Development
		Community Futures Program
		Targeted Economic Initiatives
	Policy, Advocacy and Coordination	Advocacy and Coordination
		Economic Analysis
	Internal Services	Governance and Management Support
		Resource Management Services
		Asset Management Services

Organizational Priorities

In 2013–14, WD will focus on the five priorities described below. These key areas of focus are at the core of the department's efforts to diversify and grow the western Canadian economy.

Priority	Type[2]	Program(s)
Technology Commercialization	Ongoing	Business Development and Innovation
Description – to facilitate the translation of knowledge and technology into commercial opportunities		

Why is this a priority?

- The commercialization of new technologies is important to economic growth, diversification and prosperity. The global economy is driven increasingly by new ideas and knowledge-based industries.
- Business expenditures on research and development (BERD) – a key driver of technology commercialization – are lower in the West than the rest of Canada and much of the developed world. According to Statistics Canada (2010), BERD in Western Canada was 0.6 percent of Gross Domestic Product, while for the rest of Canada, BERD was 1.1 percent.
- Technology commercialization is a priority for the federal and provincial governments, with initiatives such as Canada's Science and Technology Strategy, the expert panel report on the *Review of Federal Support to Research and Development*[3] and the Science, Technology and Innovation Council's report entitled *State of the Nation 2010 – Canada's Science, Technology and Innovation System*.[4]

Plans for meeting the priority

- Undertake new approaches to assist SMEs to commercialize new technology products, processes and services for domestic and international markets, with a particular focus on creating market-ready technologies. This will ensure that the department's investments continue to support job creation and enable western businesses to be more productive and competitive in the global economy; and
- Support projects that enable and facilitate technology commercialization in emerging sectors in Western Canada.

[2] Type is defined as follows: **previously committed to**—committed to in the first or second fiscal year prior to the subject year of the report; **ongoing**—committed to at least three fiscal years prior to the subject year of the report; and **new**—newly committed to in the reporting year of the RPP or DPR.

[3] http://rd-review.ca/eic/site/033.nsf/eng/h_00287.html

[4] www.stic-csti.ca/eic/site/stic-csti.nsf/eng/h_00038.html

Priority	Type	Program(s)
Trade and Investment	Ongoing	Business Development and Innovation

Description – to enhance SME participation in global markets, create value-added opportunities through Western Canada's trade gateways and corridors, and raise Western Canada's visibility as a competitive investment location

Why is this a priority?

- Western Canada's long-term prosperity depends on its ability to successfully engage in the global economy and to diversify into new international markets. An open, strong and resilient global economy creates trade and investment opportunities for businesses, leading to economic growth, jobs and lower prices for Canadians. With a small domestic market, Western Canada is heavily reliant on exports to foreign markets for its goods and services. International exports account for nearly 30 percent of Western Canada's gross domestic product.
- Supporting trade and investment activities helps SMEs increase their competitiveness and productivity. Businesses can take advantage of economies of scale, enhance their skills and expertise and gain access to new markets, innovative ideas, technology and capital. This, in turn, increases their long-term profits and promotes job creation.
- WD contributes to the success of the Government of Canada's Global Commerce Strategy[5] through its trade and investment priority.

Plans for meeting the priority

- Increase grants and contributions (G&C) support for trade and investment projects;
- Strengthen the ability of western Canadian SMEs to access opportunities in international markets, both in North America as well as in new, emerging markets;
- Assist western Canadian companies in accessing business opportunities related to federal defence procurement and the associated Industrial and Regional Benefits (IRBs);
- Build awareness of Western Canada as a competitive investment destination to increase foreign direct investment into the region; and
- Strategically support western Canadian participation at select international trade shows to raise awareness of the West's capabilities as a provider of high-value added goods, technologies and services.

[5] www.international.gc.ca/commerce/strategy-strategie/index.aspx?view=d

Priority	Type	Program(s)
Business Productivity and Growth	Ongoing	Business Development and Innovation, and Community Economic Growth

Description – to support the growth and competitiveness of western Canadian small business

Why is this a priority?

- Productivity growth is crucial for ensuring long-term economic growth and improving the overall standard of living of western Canadians.
- Western Canadian SMEs need to produce goods in an increasingly efficient and cost-effective manner to compete in a global marketplace, or risk losing market share in both domestic and international markets.
- Canada and Western Canada in particular, lag in business productivity when compared to other major industrialized economies. In 2011, Canada's labour productivity ranked 15th among major economies, performing at only 78.4 percent of the level of the United States.[6] The productivity gap is largely due to differences in the rate of adopting new technologies, business practices and innovations, research and development expenditures, as well as machinery and equipment investments.

Plans for meeting the priority

- Continue to strengthen the impact and accountability of the Western Canada Business Service Network (WCBSN)[7] to increase SMEs technology adoption, improve productivity and ensure that SMEs have access to business services;
- Invest in productivity initiatives that encourage the development and adoption of innovative business technologies, processes and practices, including efficiencies in strengthening regional supply chains; and
- Support capacity-building initiatives, including skills training in critical sectors where there are growing labour shortages in Western Canada.

[6] The Conference Board of Canada's Total Economy Database: Summary Statistics 1996-2012.
[7] www.wd-deo.gc.ca/eng/99.asp

Priority	Type	Program(s)
Advancing the Interests of Western Canada	Previously Committed to	Policy, Advocacy and Coordination

Description – to advance the interests of Western Canada in national economic policy, program and project development and implementation

Why is this a priority?

- Current national economic policy issues will have a profound impact on Western Canada.
- The *Western Economic Diversification Act* mandates WD to advance western interests in national economic policy, program and project development and implementation.
- Attention in this area will help ensure advocacy and policy engagement efforts are pursued at an early stage to respond to opportunities or challenges and influence national policy development that is relevant to Western Canada.

Plans for meeting the priority

- Represent western interests to key decision-makers in the development of national policies and strategies (e.g. federal Industrial and Regional Benefits (IRB) policy and the Global Commerce Strategy);
- Build connections with SMEs and major international aerospace and defence companies, particularly where there are significant IRB opportunities (e.g. Western Canada Shipbuilding Action Plan);
- Identify opportunities for economic growth or diversification;
- Support economic and policy analysis to enhance understanding of western Canadian economic issues, challenges, opportunities and priorities; and
- Focus department-wide economic and policy analysis on government strategies related to supporting entrepreneurs and innovators, responsible resource development and expanding trade and opening new markets, as those issues affect Western Canada (e.g. creating value added jobs through innovation, trade and investment and clean energy and oil sands).

Priority	Type	Program(s)
Managing for Excellence in a Changing Environment	Previously Committed to	All programs

Description – to capture the opportunities and strategies needed to respond to risks and changes in WD's management environment

Why is this a priority?

- WD is working in an increasingly dynamic and complex environment, including the changing economic environment and the need to adapt programs to address the needs of the western Canadian economy.
- The public and Parliamentarians expect government to modernize its operations, ensuring that they are effective and efficient, and following recommendations of the Red Tape Reduction Commission and the Report of the Independent Blue Ribbon Panel on Grant and Contribution Programs.
- The department's Corporate Risk Profile identifies "managing during government wide restraint" as a key risk driver of initiatives linked to business transformation and renewal, expenditures, and values and ethics.

Plans for meeting the priority

- Streamline and standardize business processes, including information management and information technology;
- Develop staff training and other tools to support transition;
- Implement the department's revised PAA and Performance Measurement Framework (PMF); and
- Collaborate with other regional development agencies in implementing common business processes to achieve program delivery efficiencies.

Risk Analysis

External Environment

Over 30 percent of all Canadians now reside in Western Canada, and the western Canadian economy accounts for over one third of Canada's economic output. Due to the size of its population and strong economic performance, western Canadian opportunities and challenges have a significant impact on national economic performance.

Economic growth in Western Canada is expected to outpace the national average in both 2012 and 2013. Despite the positive economic outlook for 2013, Canada's economic situation will continue to be affected by the continued volatility of the global economy and its challenges.

Economic growth and prosperity in Western Canada continues to be largely resource-driven and the West has benefitted from prolonged periods of high demand and prices for commodities. Furthermore, growth has supported the creation of commodity-based industry clusters in sectors such as mining, forestry, oil, gas and agriculture. While the West's natural resources provide a strong foundation for future economic growth, the resource-driven growth has masked a number of fundamental challenges facing Western Canada's long-term economic prospects.

Compared to Western Canada's competitors, businesses in Western Canada suffer from declining competitiveness and slow productivity growth, due in part to comparatively low levels of investment in research and development (R&D) and slower rates of adoption of new technologies and equipment, particularly outside of the major resource sectors. This is due in part to low levels of risk capital financing observed in Western Canada. Innovative start-up firms in the West face greater challenges in accessing sufficient financing for technology commercialization priorities; this funding gap is particularly pronounced for early-stage firms. In 2013–14, WD will continue to invest in projects and activities that help businesses increase their productivity and competitiveness through the development, commercialization, and adoption of new technologies and business processes.

Western Canadian businesses also face the challenge of a small domestic market and increasing global competition. Expanding trade and market opportunities for western Canadian businesses is an important component of economic prosperity. The Government has reinforced its commitment to expanding trade and market opportunities for Canadian businesses through deeper Canada-China ties, a Canada-European Union Trade Agreement, a Canada-India Trade Agreement, the Trans-Pacific Partnership, active and ongoing engagement in the Asia-Pacific region, and Canada in the Americas. In order to remain competitive in a global economy, western Canadian businesses will need to increase their presence in these markets. In addition, firms in Western Canada will need to participate in global value chains and attract foreign direct investment. Foreign direct investment can help address gaps in risk capital in Western Canada by providing access to the financial base of parent companies, an important way to provide greater access to funding for R&D and technology commercialization. In 2013–14, WD will continue to

work with western Canadian SMEs, industry associations and research institutions to improve access to global value chains, strengthen international partnerships and encourage foreign direct investment, leading to enhanced international market access for Canadian products and services.

To pursue its strategic outcome in the West, WD works with a number of partners and stakeholders that bring tremendous strengths, resources and capacity to the economic development and diversification of Western Canada. These partners and stakeholders include businesses, industry associations, non-profit organizations, research and academic institutions, provincial and municipal governments and other federal organizations. The department must ensure that its programs and initiatives are aligned with and sensitive to the needs of key partners and stakeholders to maximize the department's impact on the western Canadian economy.

Internal Operating Environment

In response to government fiscal priorities with regard to strategic review, Budget 2012, and operating budget restrictions, WD has found efficiencies and will realize savings in internal services through the implementation of common business processes for information technology, finance, materiel, and human resources, centralization of finance and procurement functions, and other initiatives. This will result in a reduction of the number of full time equivalent staff currently required to deliver these services and will generate operational savings.

WD has taken important steps to transform its grants and contributions delivery model. Building on its investment strategy, introduced in 2012–13, the department will pursue a more aggressive outreach strategy in 2013–14. Internally, the department is streamlining its operational approach to managing grant and contribution projects by moving to a project lifecycle model and has increased collaborative efforts with the other regional development agencies to achieve internal service and program delivery efficiencies in areas such as financial and project management systems.

In 2013–14, WD is transitioning to a more simplified PAA and PMF that will alter the way WD categorizes and describes its investments and activities, facilitate better communication of benefits to Canadians, and ensure greater ability to evaluate outcomes and allocate resources. This change will also require the establishment of new performance indicators and targets in 2013–14 for WD's updated programs.

Corporate Management of Risk

As part of its risk management approach, WD integrates risk information into its key decision-making and planning activities. To help facilitate this integration, the department updates its corporate risk profile annually to reflect its external and internal operating environment. Key risks and mitigation strategies are assessed to determine the residual risk that could affect the achievement of the department's strategic outcome. Specific risks for 2013–14 are rooted in the department's efforts to manage and transform the department during government-wide restraint.

Planning Summary

Financial Resources

WD invests its core resources in the following activities to support the development and diversification of the western Canadian economy:

- Administering G&C programs authorities[8] that advance business development and innovation, and community economic growth throughout the western provinces;
- Strengthen the impact and accountability of the WCBSN to promote economic growth activities across Western Canada;
- Advancing western interests in the development and implementation of national economic policies, programs and projects by advocating for Western Canada on important economic matters; and
- Undertaking and supporting research, consultations and other activities to improve understanding of the western Canadian economy.

WD's planned spending for 2013–14 is $180.2 million.

Financial Resources (Planned Spending — $ thousands)

Total Budgetary Expenditures (Main Estimates) 2013–14	Planned Spending 2013–14	Planned Spending 2014–15	Planned Spending 2015–16
178,701	180,201	150,204	150,222

Human Resources

The commitment and expertise of WD's staff enables the department to deliver results to western Canadians. With offices in Manitoba, Saskatchewan, Alberta, British Columbia and Ottawa, WD has staff with extensive local knowledge and connections with key stakeholders in Western Canada. WD also maintains the presence and capacity needed to advance western interests in national economic decision making.

The following table provides a summary of the total planned human resources for WD over the next three fiscal years.

[8] www.wd-deo.gc.ca/eng/16.asp

Human Resources (Full-Time Equivalents—FTE)

2013–14	2014–15	2015–16
370	325	325

Planning Summary Table ($ thousands)

Strategic Outcome	Program	Actual Spending 2010–11	Actual Spending 2011–12	Forecast Spending 2012–13	Planned Spending			Alignment to Government of Canada Outcomes
					2013–14	2014–15	2015–16	
A growing and diversified western Canadian economy	Business Development and Innovation	125,262	120,290	123,304	93,228	89,307	89,313	Strong Economic Growth
	Community Economic Growth	304,492	39,889	40,219	57,605	34,419	34,421	Strong Economic Growth
	Policy, Advocacy & Coordination	8,658	7,631	10,152	8,613	8,741	8,742	Strong Economic Growth
Sub –Total		**438,412**	**167,810**	**173,675**	**159,446**	**132,467**	**132,476**	

Planning Summary Table for Internal Services ($ thousands)

Program	Actual Spending 2010–11	Actual Spending 2011–12	Forecast Spending 2012–13	Planned Spending		
				2013–14	2014–15	2015–16
Internal Services	28,079	27,473	23,006	20,755	17,737	17,746
Sub –Total	**28,079**	**27,473**	**23,006**	**20,755**	**17,737**	**17,746**

Planning Summary Total ($ thousands)

Strategic Outcome Programs, and Internal Services	Actual Spending 2010–11	Actual Spending 2011–12	Forecast Spending 2012–13	Planned Spending		
				2013–14	2014–15	2015–16
Total	466,491	195,283	196,681	180,201	150,204	150,222

Expenditure Profile

WD's planned spending is $180.2 million in 2013–2014, compared to 2012–2013 forecasted spending of $196.7 million. The $16.5 million decrease is a result of a number of normal business practices and procedures, including the conclusion of funding for certain programs and initiatives.

Completion of programs:

- $4.5 million decrease due to the sun-setting of funding to support the Rick Hansen Foundation for the operations of the 25th Anniversary Campaign of the Man in Motion World Tour and the operations of the Spinal Cord Injury Solutions Network.

Normal cash flow variations from 2012–2013:

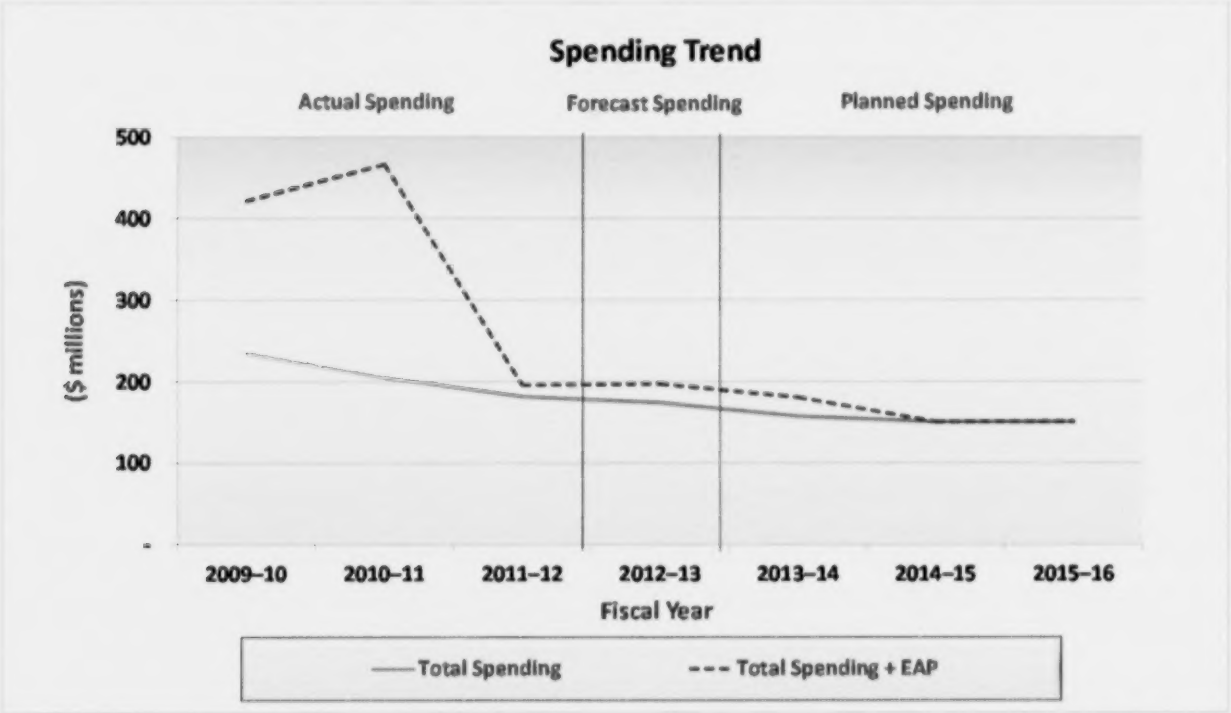
- $0.8 million increase due to the completion of a transfer agreement with Foreign Affairs and International Trade for funding to support the North American Platform Program;
- $0.3 million increase related to the transfer of funds to Infrastructure Canada for the Royal Alberta Museum;
- $0.3 million increase related to the transfer of funds from Treasury Board Secretariat for collective bargaining;
- $6.0 million decrease for Budget 2012 reductions related to the Deficit Reduction Action Plan and Strategic Review;
- $6.5 million decrease from what was available in 2012–2013, including an operating budget carry forward, WD's revenue collections, and eligible pay-list expenses reimbursed through Treasury Board Vote 30;
- $0.8 million decrease due to the completion of a transfer agreement with Industry Canada for funding to support the Economic Development Initiative: 2008–2013 Federal Strategy for Official Languages; and
- $0.1 million decrease in operating funding for delivery of infrastructure programming.

The department's planned spending is at the same level for the following two fiscal years, specifically $150.2 million for 2014–2015 and 2015–2016.

The decrease of $30.0 million in funding available in 2013–2014 compared to 2014–2015 relates primarily to the conclusion of the Community Infrastructure Improvement Fund ($23.1 million), and a further decrease in funds as a result of the Deficit Reduction Action Plan ($6.9 million).

Departmental Spending Trend

Departmental Spending ($ Millions)	Actual Spending 2009–10	Actual Spending 2010–11	Actual Spending 2011–12	Forecast Spending 2012–13	Planned Spending 2013–14	Planned Spending 2014–15	Planned Spending 2015–16
Without Economic Action Plan (EAP)	234.3	204.0	181.2	173.6	157.1	150.2	150.2
Economic Action Plan	187.0	262.5	14.1	23.1[9]	23.1	-	-
Total	421.3	466.5	195.3	196.7	180.2	150.2	150.2



[9] 2012–13 and 2013–14 planned spending under EAP includes funding received under the Community Infrastructure Improvement Fund.

Estimates by Vote

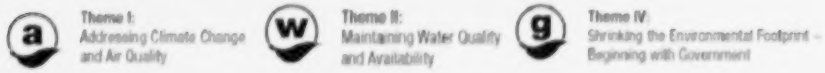
For information on WD's organizational appropriations, please see the *2013–14 Main Estimates* publication.

Contribution to the Federal Sustainable Development Strategy

The Federal Sustainable Development Strategy (FSDS) outlines the Government of Canada's commitment to improving the transparency of environmental decision-making by articulating its key strategic environmental goals and targets. The government will be consulting the public in 2013–14 regarding the second three-year cycle of the FSDS (2013–16). The 2013–16 FSDS will be finalized in 2013–14. It will be presented as part of year end performance reporting for 2013–14.

WD ensures that consideration of these outcomes is an integral part of its decision-making processes. In particular, through the federal Strategic Environmental Assessment (SEA) process, any new policy, plan, or program initiative includes an analysis of its impact on attaining the FSDS goals and targets. The results of SEAs are made public when an initiative is announced, demonstrating the department's commitment to achieving the FSDS goals and targets.

WD contributes to Themes I - Addressing Climate Change and Air Quality; II - Maintaining Water Quality and Availability; IV - Shrinking the Environmental Footprint – Beginning with Government as denoted by the visual identifiers below.



These contributions are components of the following programs and are further explained in Section II:

- Program 1: Business Development and Innovation;
- Program 4: Internal Services;

For additional details on WD's activities to support sustainable development please see Section II of this RPP and WD's Departmental Sustainable Development Strategy 2011–14. For complete details on the Strategy, please see the Federal Sustainable Development Strategy website.

Section II: Analysis of Programs by Strategic Outcome

Strategic Outcome: A growing and diversified western Canadian economy

Western Economic Diversification Canada (WD) works to diversify and grow the western Canadian economy, helping to build businesses that are innovative and competitive globally, while diversifying the base of the western Canadian economy beyond primary resource industries.

WD's strategic outcome is advanced through the following programs:

- **Business Development and Innovation**: Western Canadian small and medium-sized enterprises (SMEs) are engaged in international business, competitive and innovative;
- **Community Economic Growth**: Western Canadian communities have strong businesses, the capacity for socio-economic development and the necessary public infrastructure to support economic growth;
- **Policy, Advocacy and Coordination**: Policies and programs that strengthen the western Canadian economy; and
- **Internal Services**: Effective and efficient support for advancing the department's strategic outcome.

Program: Business Development and Innovation

Program Description

Business Development and Innovation supports western Canadian businesses, industry, and research organizations to enhance business innovation, productivity, and global engagement. Value added production is strengthened through the introduction of new products, technologies, or innovations to existing processes, as well as through efforts to pursue global markets and increase investment in Western Canada. Additionally, this program supports some members of the Western Canada Business Service Network and related partners to provide business services and access to capital in Western Canada in support of increased entrepreneurism. Transfer payments in support of this program are made under the authority of the Women's Enterprise Initiative and the Western Diversification Program. Funding support of the Canada Business Network is comprised of operations and maintenance funding.

Financial Resources ($ thousands)

Total Budgetary Expenditures (Main Estimates) 2013–14	Planned Spending 2013–14	Planned Spending 2014–15	Planned Spending 2015–16
93,228	93,228	89,307	89,313

Human Resources (FTE)

2013–14	2014–15	2015–16
110	97	97

Program Expected Results	Performance Indicators	Targets
Western Canadian SMEs are engaged in international business	Value and type of international business activity facilitated by WD	$0 (Refer to comments below)
Western Canadian SMEs are competitive	Number of SMEs that increase gross margins	0 (Refer to comments below)
Western Canadian SMEs are innovative	Number of patents filed	7

The targets for the above performance indicators are being introduced by WD for the first time in 2013–14. Historically, projects require greater than one year to realize expected results. As a consequence, although the department will be investing in Business Development and Innovation activities during the fiscal year 2013–14, the targets for those projects are set at zero anticipating that it will take some time for these activities to realize results at the program level.

Nevertheless, WD will continue to report results against performance indicators from the previous Performance Measurement Framework in its 2013–14 Departmental Performance Report, such as the number of companies participating in export and market development initiatives, the number of spin-off companies formed and an increase in sales as a result of business productivity activities.

Planning Highlights

In accordance with the department's investment strategy, WD plans to undertake the following business development and innovation activities in 2013–14:

- Support market-driven technology commercialization to address funding gaps that exist in later stages of the commercialization process, including undertaking new approaches to assist innovative western Canadian SMEs in commercializing new technology products, processes and services;
- Strengthen SME engagement in international markets and global value chains, including attracting foreign investment into Western Canada;
- Support targeted initiatives to improve business productivity and growth and enhance access to skilled labour in Western Canada;
- Provide operating funding for the Western Canada Business Service Network to assist western SMEs; and
- Invest in knowledge infrastructure and applied research and development, innovation linkages, as well as initiatives that enhance highly qualified personnel.

Program: Community Economic Growth

Program Description

Community Economic Growth involves economic development initiatives that support communities to advance their economies, adjust to changing and challenging economic circumstances, and recover from depressed economic circumstances. This is achieved through both direct funding of projects, as well as operating support of the Community Futures (CF) organizations. Additionally, this program assists communities to assess community strengths, weaknesses, opportunities, and potential for new economic activity, and to develop and implement community plans. Transfer payments in support of this program are made under the authority of the Western Diversification Program and the Community Futures Program.

Financial Resources ($ thousands)

Total Budgetary Expenditures (Main Estimates) 2013–14	Planned Spending 2013–14	Planned Spending 2014–15	Planned Spending 2015–16
57,605	57,605	34,419	34,421

Human Resources (FTE)

2013–14	2014–15	2015–16
37	32	32

Program Expected Results	Performance Indicators	Targets
Western Canadian communities have strong businesses	SME sales growth (CF organizations' loan clients only)	8.0%
Western Canadian communities have the capacity for socio-economic development	Number of communities benefitting from Community Economic Growth projects	1,344
Western Canadian communities have and the necessary public infrastructure to support economic growth	Number of communities benefitting from federal public infrastructure investments	600

The Community Futures Program will contribute to realizing the first two Community Economic Growth program result, listed above. The target associated with the first indicator – SME sales growth – is based on a trend analysis of data obtained through Statistics Canada illustrating how CF organizations have historically performed.

The target for the second indicator - the number of communities benefitting from Community Economic Growth projects - is based on a forecast of the number of community-based projects led by CF organizations and Francophone Economic Development Organizations (FEDOs), which will be completed during 2013–14 and the communities they will impact. In addition, this target incorporates Community Development projects led by organizations other than FEDOs.

The target for the third Community Economic Growth performance indicator – number of communities benefiting from federal public infrastructure investments – is based on anticipated results to be achieved through Infrastructure Programming. Starting in 2012–13, WD delivered the Community Infrastructure Improvement Fund (CIIF) to support the rehabilitation and improvement of existing community infrastructure facilities; the department will continue delivery of this program in 2013–14. When each of these projects is successfully completed, the number of communities benefitting from the public infrastructure investment will be captured.

Planning Highlights

- Strengthen the impact and accountability of CFs to promote economic growth activities in their communities;
- Invest in community economic growth projects that generate concrete economic results;
- Deliver national programs across the West on behalf of the Government of Canada;
- Work with clients to maximize the impact and results of investments under CIIF; and
- Renew funding for the Economic Development Initiative to continue funding projects that support business and economic development that encourages sustainable growth in Western Canada's Francophone communities.

Program: Policy, Advocacy and Coordination

Program Description

Policy, Advocacy, and Coordination arises from the *Western Economic Diversification Act* and empowers the Minister to advance the interests of Western Canada through policies and programs and by establishing cooperative relationships with key stakeholders. Policy, Advocacy and Coordination efforts enable WD to: provide a strong voice for Western Canada, which results in effective strategies, policies, and programs that address economic development needs; lead federal and intergovernmental collaboration to pursue key opportunities for long term growth and diversification in areas of federal or shared federal provincial jurisdiction; and, enable economic analysis activities to be carried out, which ultimately assist with informing policy and program decisions. Transfer payments in support of this program are made under the authority of the Western Diversification Program.

Financial Resources ($ thousands)

Total Budgetary Expenditures (Main Estimates) 2013–14	Planned Spending 2013–14	Planned Spending 2014–15	Planned Spending 2015–16
7,113	8,613	8,741	8,742

Human Resources (FTE)

2013–14	2014–15	2015–16
52	52	52

Program Expected Results	Performance Indicators	Targets
Policies that strengthen the western Canadian economy	Percentage of key informants with the opinion that WD activities resulted in policies that support the economic development of Western Canada	90%[10]
Programs that strengthen the western Canadian economy	Percentage of key informants with the opinion that WD activities resulted in programs that support the economic development of Western Canada	90%[11]

[10] This survey is conducted every 2.5 years, to be completed next in September 2013.
[11] This survey is conducted every 2.5 years, to be completed next in September 2013.

One of the ways in which WD measures success associated with its Policy, Advocacy and Coordination efforts is through surveys of stakeholders, which are conducted at the end of the five-year program evaluation cycle as well as at mid-term of this cycle. Since this program was last evaluated for the five-year period ending 2010–11, a mid-term stakeholder survey will be conducted during 2013–14. Stakeholders will be asked their opinion regarding how well the department is doing with respect to influencing policies and programs that strengthen the western Canadian economy. The target of 90 percent of stakeholders who agree or strongly agree that WD is performing well in these two areas is based upon the baseline established by the 2010–11 evaluation. As these two indicators are being retained in the department's new Performance Measurement Framework that is being implemented in 2013–14, WD's past performance against these indicators is relevant.

Planning Highlights

- Promote western interests to key decision-makers in the development of national policies and strategies;
- Build relationships with key stakeholders in western provinces and other federal organizations by proactively engaging potential partners, sharing information and collaborating on initiatives of interest to Western Canada;
- Work collaboratively with key stakeholders in pursuit of long-term economic growth and diversification of Western Canada's defence-related industries; and
- Support policy analysis to enhance understanding of western Canadian economic issues, challenges, opportunities and priorities in order to identify areas for departmental action.

Program: Internal Services

Program Description

The Internal Services program supports all strategic outcomes and is common across government. Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

Financial Resources ($ thousands)

Total Budgetary Expenditures (Main Estimates) 2013–14	Planned Spending 2013–14	Planned Spending 2014–15	Planned Spending 2015–16
20,755	20,755	17,737	17,746

Human Resources (FTE)

2013–14	2014–15	2015–16
171	144	144

Planning Highlights

- Implement labour force reductions and business re-engineering processes;
- Centralize the provision of accounting and procurement services in the department;
- Implement technological improvements to modernize the way in which WD delivers programs to Canadians;
- Implement strategic partnership and formalize processes with Shared Services Canada; and
- Reduce travel and travel spending as the department employs greater use of technology to conduct its business.

WD is a participant in the Federal Sustainable Development Strategy (FSDS) and contributes to the Greening Government Operations targets through the internal services program activity. The department contributes to the following target areas of Theme IV of the FSDS:

- Surplus Electronic and Electrical Equipment;
- Printing Unit Reduction;

- Paper Consumption;
- Green Meetings; and
- Green Procurement.

For additional details on WD's Greening Government Operations activities, please see section 3.3 – List of Supplementary Information Tables.

Section III: Supplementary Information

Financial Highlights

Future-Oriented Condensed Statement of Operations and Departmental Net Financial Position

For the Year (ended March 31)

($ thousands)

	$ Change	Forecast 2013–14	Estimated Results 2012–13
Total expenses	(16,622)	180,172	196,794
Total revenues	(2)	3	5
Net cost of operations before government funding and transfers	(16,620)	180,169	196,789
Departmental net financial position	(134)	(6,246)	(6,112)

Future-Oriented Condensed Statement of Financial Position

For the Year (ended March 31)

($ thousands)

	$ Change	Forecast 2013–14	Estimated Results 2012–13
Total net liabilities	(6,474)	82,367	88,841
Total net financial assets	(6,257)	75,690	81,947
Departmental net debt	(217)	6,677	6,894
Total non-financial assets	(351)	431	782
Departmental net financial position	(134)	(6,246)	(6,112)

Future-Oriented Financial Statements

The future-oriented financial highlights presented in the table above serve as a general overview of WD's financial operations. For the complete set of future-oriented financial statements, visit WD's website.[12]

List of Supplementary Information Tables

All electronic supplementary information tables[13] listed in the *2013–14 Reports on Plans and Priorities* can be found on WD's website.

- Details on Transfer Payment Programs;
- Greening Government Operations;
- Horizontal Initiatives;
- Sources of Respendable and Non-Respendable Revenue;
- Up-Front Multi-Year Funding; and
- Upcoming Internal Audits and Evaluations over the next three fiscal years.

Tax Expenditures and Evaluations Report

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance publishes cost estimates and projections for these measures annually in the *Tax Expenditures and Evaluations* publication. The tax measures presented in the *Tax Expenditures and Evaluations*[14] publication are the sole responsibility of the Minister of Finance.

[12] www.wd-deo.gc.ca/eng/59.asp
[13] www.wd-deo.gc.ca/eng/14360.asp
[14] www.fin.gc.ca/purl/taxexp-eng.asp

Section IV: Other Items of Interest

Organizational Contact Information

WD's contact details are as follows:

Mailing Address: Suite 1500, 9700 Jasper Avenue
Edmonton, Alberta T5J 4H7

Telephone: 780-495-4164 or
1-888-338-9378 (toll-free)

Fax: 780-495-4557

Website: www.wd.gc.ca/eng/home.asp

Additional Information

Section 41, Official Languages Act

In 2013–14, WD will continue to work with other federal organizations to renew the Economic Development Initiative[15] as part of the *Roadmap for Canada's Linguistic Duality 2013–2018*.[16] The department undertakes measures through a Results-Based Action Plan for the Implementation of Section 41 of the *Official Languages Act* to enhance the vitality of western Canadian Francophone Official Language Minority Communities, support and assist them in their development and foster the full recognition and use of both English and French in Canadian society.

Strategic Planning Framework

The Strategic Planning Framework on the following page depicts the logical relationship between WD's strategic outcome and its programs. The Framework also demonstrates how the department's 2013–14 priorities contribute to achieving its strategic outcome and how WD contributes to Government of Canada outcome areas.

[15] www.wd-deo.gc.ca/eng/11564.asp
[16] www.canadianheritage.gc.ca/pgm/slo-ols/pubs/08-13-ldl/08-13-ldl-eng.pdf

Western Economic Diversification Canada
Diversification de l'économie de l'Ouest Canada
Strategic Planning Framework
2013-14
Government of Canada Outcome Area
Strong Economic Growth
How WD contributes to a stronger Canada
WD Mandate
To promote the development and diversification of the western Canadian economy, coordinate federal economic activities in the West, and reflect western Canadian interests in national decision-making
WD Vision
To be leaders in creating a more diversified western Canadian economy that has strong, competitive and innovative businesses and communities
Our 2013-14 Priorities
Technology Commercialization
Trade & Investment
Business Productivity & Growth
Advancing the Interests of Western Canada
Managing for Excellence in a Changing Environment
These priorities will be WD's focus in 2013-14 to achieve the following strategic outcome
Our Strategic Outcome
A growing and diversified western Canadian economy
Our Programs
Business Development and Innovation
Western Canadian SMEs are engaged in international business, are competitive, and are innovative
Community Economic Growth
Western Canadian communities have strong businesses, the capacity for socio-economic development, and the necessary public infrastructure to support economic growth
Policy, Advocacy and Coordination
Policies and programs that strengthen the western Canadian economy
Internal Services
Effective and efficient support for the delivery of the organizational strategic outcome
Our People
Making a difference
A stronger West. A stronger Canada
Canada